

Fund Overview

King Tide Asset Management Limited (King Tide, or KTAM) is a specialist and independent investment management company based in New Zealand, and the manager of the King Tide NZ/Australian Long/Short Equity Fund (the Fund). • The Fund seeks to generate at or above equity market returns with lower volatility by investing in the best long/short equity managers in Australasia. We research and select managers who employ risk based strategies to extract gains from the divergent sectors in the Australasian markets, where there is very little hedge fund activity. King Tide's management committee and board have more than 90 years combined experience in capital markets and fund selection • We apply in-depth quantitative research which is overlaid by comprehensive qualitative analysis of each fund we select • We constantly monitor existing and new funds, making changes as we see fit • We believe in 'skin in the game' and all of our managers are large investors in their own funds • In keeping with this principle, King Tide personnel are the largest investors in the King Tide Fund. King Tide has a simple, transparent, and tax effective "PIE" structure, making it appealing to NZ and offshore investors alike.

Fund size	NZ\$21.7m		KT NZD	Benchmark
Inception Date	January 1, 2012	1 Month	4.29%	7.25%
Unit Price	1.39300	6 Month	1.20%	11.02%
Since Inception p.a.	6.8%	1 Yr	11.29%	1.27%
Benchmark	90% All Ords Accum/10% NZX50	2 Yr p.a.	13.05%	4.45%
Application	Monthly	3 Yr p.a	13.68%	7.28%
Liquidity	Monthly with 35 days notice	Annualised SD	7.71%	11.65%
Administration fees	0.75% total, incl Trustee, Custodian, Audit	Beta	0.46	1.00
Performance fee	10% with high water mark	Largest monthly loss	-3.82%	-6.26%
Administration	Adminis	Sharp Ratio (RFR=RBA cash)	0.68	0.55
Legal Counsel	Minter Ellison Rudd Watts	Avge Return in Market Positive Mths	1.62%	2.68%
Auditor	PWC	Avge Return in Market Negative Mths	-1.42%	-3.08%

Monthly Performance Review

July was an extremely strong month for global stock markets following the BREXIT shock with new record highs being set by the US S&P500 (+3.7%), Australia All Ords Accumulation (+6.3%) and the NZX50 (+6.5%). Strong gains were also recorded by the German DAX (+6.8%), Japanese Nikkei 225 (+6.4%) and MSCI Emerging Market Index (+5.1%). Bond yields also rallied strongly during the month with 10-year government bonds reaching record lows in the US, UK, Australia and New Zealand.

During the month King Tide rose +4.29% versus a return of +7.25% for our benchmark. In addition to the strong contributions from the NZX50 and Australian All Ords our benchmark received a positive currency contribution of +0.98% due to a slight depreciation in the NZD versus the AUD.

All of King Tide's underlying managers had positive returns during July, ranging from +1.39% for the Tasman Market Neutral Fund to +12.09% for the Regal Atlantic Absolute Return Fund. Our three NZ funds averaged +3.89% for the month compared to an average return of +5.06% for our 13 Australian funds.

In extremely strong months for the market it is to be expected that King Tide will underperform, not least because our manager's short positions reduce their overall market exposure. King Tide currently has a weighted average net market exposure of only 54%. In these circumstances an upside capture of 59% is a pleasing result, and in line with the fund's long term performance.

Moving into August most of our managers will be focusing on the Australian reporting season. Consensus earnings estimates have been steadily downgraded as usual, with current forecasts suggesting an 8% decline in profits. Although this reduces the hurdle to meet expectations, AMP's Shane Oliver issues a word of caution when he says: "expect disappointments to be severely punished with sharp share falls".

What does this mean for equities in general and King Tide in particular? While we do not have a view on the short term direction of the share market, either locally or globally, with a beta of 0.46, King Tide does not rely entirely on the market direction to generate its returns. Still we are always interested to read comments from managers who are constantly thinking about valuations and market pricing.

Excerpts from what managers we follow have been saying in long/short land:

...companies with solid growth outlooks appear as expensive as they've ever been. Of course, record low interest rates coupled with muted global growth will tend to see support for share prices of those companies that can actually provide it. – David Rosenbloom, Henderson

...sectors such as infrastructure and property trusts are now trading at extreme valuations relative to historic multiples...many of these seemingly stable earners operate with significant financial leverage, with market participants failing to adequately assess the risk that accompanies such highly geared balance sheets. – Paul Skamvougeras, Perpetual

Investment conditions remain challenging and increasingly driven in the short-term by offshore investor sentiment. July has again highlighted that larger companies are more sensitive in this environment. We remain acutely aware that elevated valuations require the support of a 'lower for longer' interest rate outlook, making large parts of the share market quasi bond investments. – Aspiring

Although near term conditions should continue to favour a low inflationary back-drop, we are watchful for data points that might indicate that an interest rate turning point is approaching. In the meantime, equities will continue to look more attractive than competing asset classes. – K2

We have recently seen volatility collapse as equity markets have rallied. When we see implied volatility fall to these lows, we accumulate protection in our portfolios...to take advantage of this change in price. - Perennial

We remain upbeat on the investment opportunities for companies that can display earnings growth, whether it be organic or by acquisition, further supported by the scope for additional interest rate reductions in Australia. – Regal

We have found that sharing a consensus opinion on the merits of an investment with the majority of the market is rarely a good way to generate strong returns. In fact, if the opinion is sufficiently consensus and positive, it normally guarantees that the return from the particular investment will be unremarkable at best and the risk of capital loss elevated. – Auscap

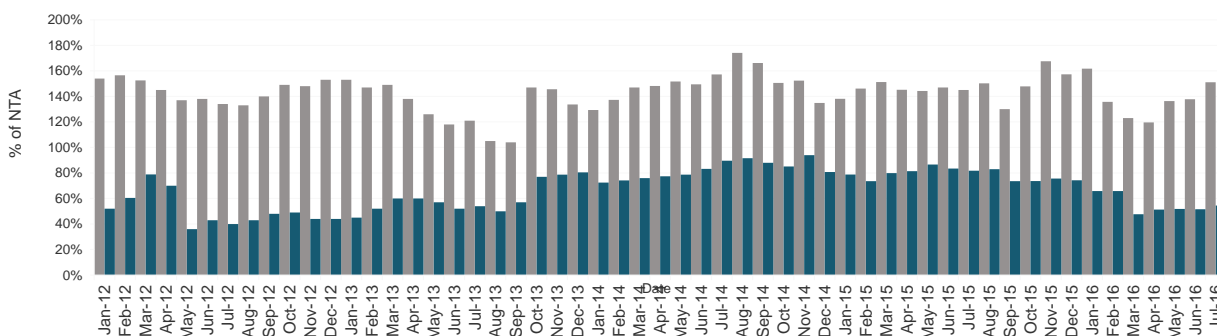
King Tide - Fund Performance vs. Benchmark (Net of Fees)

2016	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
King Tide NZD	-1.73%	-3.82%	1.54%	-1.04%	2.80%	-2.32%	4.29%						-0.55%
Blended Benchmark*	-3.05%	-1.96%	7.31%	1.48%	1.36%	-4.36%	7.25%						7.63%
2015	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
King Tide NZD	2.99%	3.40%	0.60%	0.82%	3.25%	0.00%	3.09%	0.50%	1.32%	2.26%	5.07%	2.27%	28.65%
Blended Benchmark*	4.91%	3.25%	-1.38%	0.34%	3.94%	-0.07%	1.67%	-6.04%	-4.34%	1.11%	3.34%	0.19%	6.50%
2014	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
King Tide NZD	-0.46%	1.81%	1.63%	0.55%	2.54%	-1.46%	3.27%	4.00%	-1.02%	1.15%	-2.99%	-1.10%	7.95%
Blended Benchmark*	-2.40%	3.02%	0.83%	2.16%	1.96%	-2.86%	5.53%	2.72%	-5.04%	4.59%	-6.26%	-1.10%	3.02%
2013	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
King Tide NZD	-0.73%	-0.23%	1.09%	-2.16%	-2.41%	-3.30%	-1.03%	4.04%	1.00%	4.44%	-1.56%	-1.53%	-2.67%
Blended Benchmark*	3.74%	3.06%	0.10%	1.32%	-4.72%	-3.76%	0.51%	4.29%	0.28%	5.69%	-3.28%	-2.19%	4.49%
2012	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
King Tide NZD	0.29%	2.61%	-2.09%	-0.45%	-2.75%	-2.23%	1.16%	1.19%	-0.74%	1.83%	1.63%	0.15%	0.44%
Blended Benchmark*	2.74%	1.92%	0.38%	1.72%	-5.40%	-0.89%	5.33%	1.55%	-0.09%	3.70%	1.18%	2.19%	14.85%

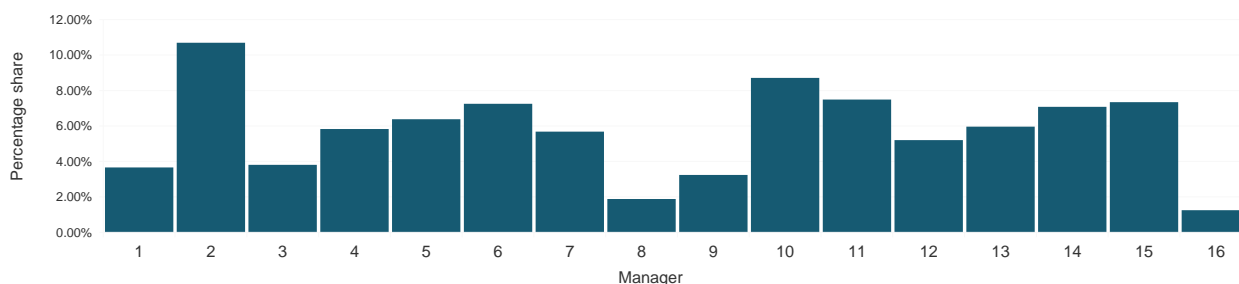
*90% All Ordinaries Accum/10% NZX50

Gross and Net Exposure (% of Net Asset)

■ Gross Exposure as % of NTA ■ Net Exposure as % of NTA



Manager Weightings: % Share of total King Tide capital



Note: An updated version of our prospectus and investment statement are both available on our website.

King Tide's performance is expressed in NZ dollars, and currency fluctuations may significantly impact on the volatility of the fund. In July 2013, the manager changed the investment mandate to allow currency hedging to be used to manage this currency risk. The Manager will actively manage the Fund's Australian dollar exposure with a view to reducing risk and enhancing returns to our investors.